



**For Immediate Release**

April 28, 2010

**Contact:** Hilda M. Delgado

(562) 927-1200

[hilda.delgado@asm.ca.gov](mailto:hilda.delgado@asm.ca.gov)

## **Committee Passes De La Torre Legislation that Aims at Halting Tax Fraud, Rewards Taxpayers Who Report Fraud**

*Fraud has reached a historic \$8.1 billion in uncollected funds in recent years*

**Sacramento, Calif.** – The Assembly Revenue and Taxation Committee passed Assembly Bill 2605 authored by Assemblymember Hector De La Torre (D-South Gate), to provide incentives to taxpayers who report fraud. This legislation will produce up to \$8.1 billion in uncollected taxes from individuals and business.

By bringing in owed taxes, Assembly Bill 2605 would alleviate current budget woes by reducing California's \$20 billion budget deficit.

According to the Franchise Tax Board, California has seen an increase of 25% of uncollected taxes from individuals since 2007, while the amount owed by business has increased by 43%. The California Senate Office of Oversight and Outcomes reported early this year that \$8.1 billion is owed to the Franchise Tax Board.

“Cheating the taxpayers hurts all Californians, particularly during this recession. We urge taxpayers to take action and do their part in solving the budget crisis by reporting tax fraud,” stated Assemblymember De La Torre. “AB 2605 will protect the informant from harassment and also reward the informant for their courage to come forward with information that will help California recoup its fair share of taxes.”

Currently, an individual may inform the Franchise Tax Board of a tax violation, but the FTB does not reward the informant for information. AB 2605 will establish a reward program for information resulting in underreported or unreported monies subject to tax.

An individual who reports corporate tax fraud could be eligible for a reward of 25% (not to exceed \$250,000) of the amount of back taxes, penalties and interest directly collected by the FTB.

Tax fraud may involve deliberately underreporting or omitting income, overstating the amount of deductions, keeping two sets of books, making false entries in books and records, claiming personal expenses as business expenses, claiming false deductions, and hiding or transferring assets or income.

###